Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45

To the Commission:

JOINT REPLY COMMENTS OF EDUCATION AND LIBRARY NETWORKS COALITION

Summary

The Education and Library Networks Coalition ("EDLINC") again urges the Commission to follow the recommendations of the Federal/State Joint Board on Universal Service. If adopted, those recommendations would establish a standard of service and a discount methodology for schools and libraries that will fulfill the intent of Congress by delivering the full benefit of advanced telecommunications to schools and libraries everywhere in the country at affordable prices.

After reviewing the comments of other parties, however, EDLINC fears that the Joint Board's work may be undermined. The Commission has been presented with a number of proposals that, if adopted, would retain the Joint Board's framework, but leave it a hollow shell. The Commission must remember that the purpose of Section 254(h) is to deliver affordable services to schools and libraries, not benefit service providers. The language of the statute permits no less.

We strongly support the Joint Boards' recommendation that Internet access and internal connections be eligible for discounts. The Commission has the authority to make discounts available, for the reasons outlined by the Joint Board, and it should exercise that authority.

We are pleased to note that there is general agreement regarding the Joint Board's recommendations for calculating the discounted rate, including the sliding scale discounts of 20-90%. Perhaps the most important issue before the Commission, however, is how the prediscount price should be determined. As the Joint Board indicated, if the prediscount price is too high, the central goal of affordability may be out of reach for many schools and libraries. For this reason, EDLINC is very concerned about the many proposals for altering the lowest corresponding price ("LCP"). We agree that the LCP methodology needs refinement in a number of areas, but many of the proposals would give service providers so much discretion that the LCP would become meaningless.

For example, we are concerned that the LCP process, by allowing each individual service provider to establish its own LCP, will mean that there will be significant variation in prices across the country. This raises concerns about equity and affordability.

We also oppose a number of proposals that would weaken the LCP as a means of ensuring affordability. For example, we oppose BellSouth's suggestion that service providers be allowed to use all the factors they ordinarily apply in setting prices, since this could mean that each request for service would be treated as unique and a new

LCP calculated every time. If that happened, users might never get the benefit of low rates. We also oppose efforts to allow service providers to set different rates within a geographic area or apply tariffed rates.

We do agree with USTA, however, that the Commission should clarify the obligations of carriers of last resort.

EDLINC also urges the Commission to avoid deviating significantly from the Joint Board's recommendations regarding administrative requirements. Congress did not intend for schools and libraries to bear substantial new administrative and procedural burdens to obtain the benefits of discounts. Far too much has been made of the simple phrase "bona fide request," and the Commission should resist the calls to turn Section 254(h) into an obstacle course on the way to the information superhighway. In particular, we believe that local rules and procedures should be allowed to guide the bidding process. While the Commission may make recommendations, it should not impose mandates that would override local bidding procedures. Such policies as mandatory unbundling of requests for proposals, requiring a single round of sealed bids, describing plans for services in RFP's, posting notices in places other than the proposed Web site, and permitting the modification of RFP's after posting should all be encouraged but not mandated. Eligible entities should also be allowed to consider factors other than price, if permitted under local rules.

The Commission should reject the various proposals that would make certification more difficult. In particular, the Commission should not require schools

and libraries to demonstrate that they have met the seven requirements earlier proposed by USTA; they should not be required to file detailed annual reports with state agencies; service providers, not schools and libraries, should be required to submit pricing information to the fund administrator; and the Commission should not allow service providers to charge eligible institutions the prediscount price and require the institutions to seek reimbursement from the universal service fund.

There is no reason to believe that the $2.25 billion cap is excessive, and the Commission should retain the cap at that level and allow any excess funds to roll over to succeeding years.

EDLINC still believes that the fund administrator should be a neutral third party, but one that has been informed on the needs of schools and libraries. Therefore, we recommend that the fund administrator include representatives of the school and library community, and oppose proposals that offer a less influential role.

Finally, the Commission should adopt competitive neutrality as a universal service principle, and should ensure that schools and libraries have realistic opportunities to choose from a complete range of service providers.

The Joint Board has made an excellent start, and we urge the Commission to build on that success.

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To the Commission:

Introduction

In these Reply Comments, the Education and Library Networks Coalition ("EDLINC")[1] again urges the Commission to adopt the recommendations of the Federal-State Joint Board on Universal Service (the "Joint Board Recommendations"). The comments of other parties indicate that there is broad-based support for the Joint Board's approach to providing discounted telecommunications services to schools and libraries. The Commission could do no better than to follow the Joint Board's lead, and the statutory requirement for affordability requires no less.

[1] EDLINC filed comments in this proceeding on December 19, 1996 (the "EDLINC Comments"). The members of EDLINC are identified at Exhibit A. Under the name of National School Boards Association et al., this coalition also filed comments (the "NSBA Comments") and reply comments in response to the Notice of Proposed Rulemaking and Order Establishing the Joint Board. EDLINC also submitted answers to some of the questions put by the Joint Board in its Public Notice of July 3, 1996.

We are concerned, however, that the proposals of some commenters might undermine the good work of the Joint Board. We urge the Commission to heed the observation that "the Commission should maintain its focus on benefiting students and consumers, not service providers." Comments of Cox Communications, Inc. at 9. Congress has made it very clear that the purpose of Section 254(h) is to ensure that all schools and libraries, everywhere in the country, have access to the telecommunications services they need to accomplish their missions in an age of ever-advancing high technology. Some of the proposals now before the Commission, while appearing to conform to the Joint Board Recommendations, would actually weaken those recommendations and harm the interests of schools and libraries.

As detailed in the EDLINC Comments, there are also a number of areas in which we believe further clarification, elaboration or definition may be required if the Commission is to meet the goals of the legislation. Several other commenters have identified additional areas in which such modifications may be necessary. The Commission should fine-tune the Joint Board Recommendations as needed to further the Congressional intent, while rejecting those proposals that would hinder the achievement of the aims of Congress.

I. THE JOINT BOARD CORRECTLY DETERMINED WHAT SERVICES SHOULD BE ELIGIBLE FOR DISCOUNTS.

We are pleased to note that commenters almost unanimously support the Joint Board's decision to recommend that the broadest possible range of services be available to schools and libraries at discounted rates. Indeed, there are only two areas

in which there is any disagreement: Internet access and internal connections. As we stated in our opening comments, we support the Joint Board's recommendation on both points.

A. Internet Access Should Be Available at Discounted Rates.

The comments of others evince broad support for the Joint Board's inclusion of Internet access in services eligible for discounted rates. See RTC Comments at 36-37; America Online Comments at 1-2; Cox Comments at 10. As Apple Computer, Inc., notes, Internet access is "an educational necessity." Apple Comments at 3.

Other commenters, however, oppose discounts for Internet access. See, e.g., BellSouth Comments at 19-28; Pacific Telesis Comments at 37-41. These parties argue that Internet access is an information service, and thus is not eligible for discounts because only telecommunications services may be discounted. They also argue that only telecommunications carriers may be reimbursed from the universal service fund, and thus only services provided by entities that fall within the statutory definition of "telecommunications carrier" may be discounted. We disagree with these conclusions. First, the Commission has the authority under Section 254(h)(2) to establish competitively neutral rules that enhance access to both telecommunications services and information services. Providing discounts for Internet access is a reasonable means of enhancing access to information services, and thus within the scope of Section 254(h)(2). Second, as the Joint Board recognized, the law also states that any such efforts to enhance access must be done through competitively neutral rules. See, Joint Board Recommendations at ¶ 462. The competitive

neutrality requirement means that the statute actually prohibits the Commission from allowing telecommunications carriers to be reimbursed for any discounts unless it also allows other service providers to be reimbursed.

For these reasons, we join RTC in its recommendation that discounts be available to make "affordable" any toll calls needed to reach Internet service providers. RTC Comments at 43-44. We also join America Online in noting that the requirement of competitive neutrality demands that support be available for Internet service providers ("ISP's") that provide some bundled content as part of their basic Internet access, notwithstanding the Joint Board's decision not to include the provision of content in the definition of services eligible for discounts. America Online Comments at 4-5. Otherwise, ISP's that offer strictly Internet access, without any content, would be favored over those ISP's that include content as part of their basic service offerings.

AT&T objects to the Joint Board's proposal on the grounds that it is not competitively neutral for telecommunications carriers to pay into the fund when ISP's and other entities do not. AT&T Comments at 20. This is incorrect, however, both with respect to the right to receive payments from the universal service fund, and the obligation to pay into the fund. Section 254(d) states that telecommunications carriers are required to contribute only on the basis of their telecommunications revenues, not on revenues for Internet-related services. Since carriers by definition are not directly competing with nontelecommunications carriers in the provision of telecommunications services, the fact that they pay into the fund while ISP's do not

does not place them at a disadvantage with respect to the ISP's. In addition, telecommunications carriers are permitted to provide Internet-related services. To the extent they do so, they are in the same position as all other ISP's: the revenues from these services are not subject to universal service contribution requirements, and the providers are eligible for reimbursement from the fund for the amount of any discounts on those services.

B. Internal Connections Should Be Available at Discounted Rates.

The arguments against providing discounts for internal connections are essentially the same as those against providing discounts for Internet access, and the justification for it is also the same. Without internal connections, the development of internal networks will be delayed, and it will be that much longer before schools and libraries obtain the benefits intended by Congress. The Commission is fully justified in funding internal connections as a means of enhancing access to telecommunications services. See Joint Board Recommendations at ¶¶ 473-484.

II. THE LOWEST CORRESPONDING PRICE METHODOLOGY IS NOT PERFECT, BUT THE FCC SHOULD NOT ALLOW SERVICE PROVIDERS TO CIRCUMVENT THE PURPOSE OF THE LOWEST CORRESPONDING PRICE.

As we stated in our comments, the lowest corresponding price ("LCP") methodology needs further refinement to ensure that it does not lead to excessively high pre-discount prices, or wide variations between different geographic areas. EDLINC Comments at 6-10. We expressed the concern that the LCP approach could be manipulated in a way that led to unaffordable rates for many schools and libraries.

After reviewing the comments of other parties, our fears appear to have been justified. The Commission has a statutory obligation to ensure affordable rates, and so it must reject these proposals.

A. The Comments of Many Parties Seem Designed to Turn the LCP Into Whatever Price a Provider Chooses to Offer an Eligible Institution.

In refining the LCP methodology, the Commission must take care to ensure that it does not inadvertently allow service providers so much leeway in determining the LCP that the concept becomes meaningless.

For example, USTA and others argue that each service provider will have a different LCP, based on the rates it charges its own customers. See, e.g., USTA Comments at 53; BellSouth Comments at 32. As we have noted in our comments, this raises concerns about equity and affordability because it means that prices are likely to vary significantly from place to place throughout the country. EDLINC Comments at 7-8. We fear that the fundamental goals of the legislation -- to provide all schools and libraries with the type and level of telecommunications services they need -- may not be met under this approach.

BellSouth argues that in determining the LCP providers should be able to apply the full range of factors they ordinarily use in setting prices. BellSouth Comments at 33. This must be seen for what it is: an attempt to completely subvert the LCP methodology. If service providers can use any factors they choose, they will be able to treat each request for service from an eligible institution as a unique case, for which there is no existing LCP. This would defeat the purpose of the LCP and allow service providers to price each bid in the same way they would if they were not

required to offer the LCP. This approach would lead to inequitable results, and would not conform to the statutory requirement for affordability. We would much prefer that the lowest commercial rate offered to any user by a service provider be presumed to be compensatory and set as the pre-discount rate. EDLINC Comments at 6-10.

In addition, the LCP must be uniform throughout a geographic area, contrary to the comments of Pacific Telesis. Pacific Telesis Comments at 50. The more the Commission allows service providers to fragment the LCP, the more arbitrary it will become and the less it will do to advance the goals of the legislation. Once again we remind the Commission of Cox's admonition to put the interests of students and consumers before those of service providers. If a service provider can show that a particular rate is not compensatory in a particular case, perhaps it should be entitled to an additional subsidy. But service providers cannot be allowed to pick and choose what rates will apply.

We also disagree with BellSouth's position that the LCP is superfluous in a competitive environment. BellSouth Comments at 31. We agree that where there is competition rates will be lower and that there are parts of the country where rates could be used as a standard for the prediscount rate. Indeed, this was at the core of our original proposal to the Joint Board. NSBA Comments at 19-22. Nevertheless, in many areas, while there may be some competition, there might not be full competition for all the services requested by an eligible institution. We also fear that if the Commission does not adopt a uniform rule, it will be forced to determine which areas have competition and which do not. This is an unnecessary administrative step,

and will impose an additional burden on schools and libraries if they are forced to participate in effective competition proceedings at the Commission.

Pacific Telesis's proposal that the LCP in certain areas should be based on tariffed prices is the clearest and most direct example of an attempt to eviscerate the Joint Board's recommendations. Pacific Telesis Comments at 50. The suggestion runs directly counter to the Joint Board's own statements about the importance of setting a pre-discount price that will result in an affordable discounted price. Furthermore, it ignores the fact that there may be no be tariffs for many services in many areas. This proposal -- like the other discussed above -- would result in unaffordable rates and is thus unlawful.

We also wish to address SBC Communication's argument that the LCP method violates the statute because the law presumes that the prediscount rate is the rate that the provider would otherwise charge. SBC Comments at 39-42. This is not true on legal grounds, and unworkable on policy grounds. Section 254(h)(1)(B) requires two things: (i) that the rate charged to schools and libraries be less than that charged to other parties, and (ii) that the rate ensure affordable access. The law does not specify how this is to be achieved, and it does not specifically prohibit establishing a pre-discount price. Furthermore, establishing the rate otherwise charged by a provider as the prediscount rate would allow service providers to claim extremely high prediscount rates if they chose, particularly in an era of deregulated prices. This would make affordability very impossible to achieve, at least in some cases, thus violating the statute and failing to achieve the Commission's policy objectives.

Finally, we disagree with Pacific Telesis's proposal that the remedy in a case in which a service provider submits the wrong LCP should be merely for the user to begin paying the correct price once the error is identified. Pacific Telesis Comments at 49. Customers who have paid in excess of the discounted price to which they would have been entitled should receive a refund equal to the difference between the price they paid and the correct price. Otherwise, service providers will have an incentive to set LCP's too high, placing the burden on users to attempt to verify that the LCP is correct.

B. EDLINC Agrees, However, that Certain Aspects of the LCP Methodology Should be Revised.

As we stated earlier, the LCP methodology is not perfect, and we have addressed a number of our concerns in our initial comments. EDLINC Comments at 6-10. Several commenters have raised additional points with which we concur.

MCI believes that the LCP may not be the best possible price in areas where there is no competition, and suggests that prices in those areas should be based on some other mechanism that approximates a true competitive price, such as TSLRIC. MCI Comments at 17. We have made that point ourselves, and even suggested that the Commission use TSLRIC as one of several alternative proxies. NSBA Comments at 19-22.

We also agree with USTA when it says the Commission must clarify the obligations of carriers of last resort. USTA Comments at 53. The Joint Board Recommendations do not clearly state what will happen if a school or library issues an RFP and there are no bidders. There must either be a carrier of last resort that will

provide the requested service at an affordable rate, or all service providers serving the geographic area must be under an affirmative obligation to submit their LCP's in response to an RFP. The Joint Board Recommendations appear to adopt the latter approach, at ¶ 544, but it is not clear if this was the intent. If this was indeed what the Joint Board meant, then we agree with Ameritech's comment that the circumstances in which competition does not exist include only those situations in which there are no competitive providers serving an area, because if there are multiple providers they will be required to submit responses to an RFP. Ameritech Comments at 24.

Last, we agree with those commenters that stated that the LCP should be determined based on contracts within a particular time period. See, e.g., Ameritech Comments at 23. We believe that that time period should be greater than twelve months, however, to make it more likely that there will be a contract that applies to a particular service and similarly situated customer. We would suggest that the applicable time period be 24 months.

III. THE COMMISSION SHOULD NOT IMPOSE UNNECESSARY ADMINISTRATIVE BURDENS ON SCHOOLS AND LIBRARIES.

EDLINC has consistently argued that schools and libraries should not have to comply with an array of new administrative requirements to benefit from discounted rates. We believe that far too much has been made of the phrase "bona fide request," and that Congress did not intend for eligible institutions to run an obstacle course to get to the information superhighway. With very few exceptions, eligible institutions

are already subject to state or local procurement laws and policies, and are ultimately accountable to their communities. The Commission should respect the integrity of the local procurement process, and recognize that resources can be managed fairly and efficiently at the local level.

A. The Bidding Process Should be Simple and Guided by Local Laws and Procedures.

We strongly support the use of a bidding process to select potential providers. School and library officials routinely solicit bids for most -- if not all -- of the goods and services they purchase, and they have procedures in place. The Commission should not seek to interfere with a process that already works well and responds to local needs.

Several parties have urged that eligible institutions be required to unbundle their requests for proposals ("RFP's") so that telecommunications services, internal connections and internet access would be solicited through separate procurements. See, e.g. Cox Comments at 12-13; Time Warner Comments at 11. Some institutions may find this attractive, while others may not. Smaller institutions, for example, with limited administrative resources and less extensive service requirements, may find such a requirement unduly burdensome, while other more sophisticated institutions may find unbundling to increase competition and lower costs. Furthermore, in our experience, service providers often form teams to respond to requests for proposals, so requiring unbundled RFP's is unnecessary. This matter should be left to local procedures.

Another commenter, the National Cable Television Association ("NCTA"), would have the Commission require a single round of sealed bids. NCTA Comments at 22. Such a process might make sense in some cases, and indeed may be required by some procurement policies. But there may also be practical reasons not to use that method in other cases. Once again, the Commission should allow local practices to prevail.

NCTA also believes that eligible institutions should be required to describe their plans for using the requested services in their RFP's. NCTA Comments at 22-23. This is unnecessary. Local procedures already establish guidelines for what must appear in an RFP, and eligible institutions understand that bidders need to know roughly what the services will be used for if they are to bid intelligently. Imposing a new federal requirement would only give losing bidders grounds for filing frivolous complaints with the Commission. For example, we can imagine losing bidders arguing that the RFP's statement of what the services were to be used for was misleading or confusing, and if it had been prepared "correctly" the bidder might have submitted a different proposal. Neither the Commission nor the Fund Administrator are contracting review agencies, and such disputes are best left at the local level.

We support the concept of posting notices on a central World Wide Web site. We do not, however, agree with those commenters that would require that additional notices be published. Local policies may in fact require other forms of notice, but for the Commission's purposes, posting on the Web site is sufficient. Additional requirements merely impose additional costs and create the possibility of technical

errors that allow inattentive or inefficient potential bidders to raise groundless complaints. We can think of nothing more efficient for all concerned than a single, central site that all service providers can monitor.

Permitting eligible institutions to modify their RFP's after posting, see BellSouth Comments at 29-30, may be a good rule, and is probably already permitted by many local policies. But, once again, there is simply no reason for the Commission to micromanage the process at this level of detail. To the extent that any Commission rule would apply only to the central Web site, we would support it. We do not, however, believe that the Commission should adopt any rule that would preempt local notice requirements, or mandate modification of RFP's if local procedures do not permit such modifications.

Finally, we agree with those parties that would allow eligible entities to consider factors other than price in selecting a winning bidder. See, e.g., America Online Comments at 8; BellSouth Comments at 30; EDLINC Comments at n.10. This kind of flexibility is common, particularly in policies governing the procurement of services, and the Commission should ensure that its rules do not force schools and libraries to simply accept the lowest bidder regardless of quality and other considerations.

B. The Commission Should Not Unduly Hinder the Growth of Consortia.

We wish to reaffirm our support for the Joint Board's recommendation to permit schools and libraries to form consortia with noneligible entities. See EDLINC Comments at 5. Some commenters have expressed concern that consortia, while conceptually sound, may be unworkable in practice. See AT&T Comments at 22-23.

But no evidence -- only speculation -- has been offered to support these assertions. The Commission should not adopt any proposal that would unduly hinder the growth of consortia, nor should it limit flexibility in the formation and management of consortia in any way.

C. The Commission Need Not Define the Term "Educational Purpose."

Time Warner Communication Holdings, Inc., argues that the Commission must define the term "educational purpose" and ensure that discounts are used only for such purposes. Time Warner Comments at 35-36. This is unnecessary and we strongly oppose this proposal. The law adequately defines which institutions are eligible. By their very nature as schools and libraries, every activity in which such institutions engage should be presumed to be for an educational purpose. The Joint Board has already proposed restricting the availability of discounts to consortia, and those restrictions are more than adequate to guard against the dangers Time Warner fears. Should the Commission become aware of specific instances of abuses, it retains the authority to review those cases and, if need be, revise its rules. We are confident that no such action will be necessary.

D. The Joint Board's Proposed Certification and Bona Fide Request Procedures Are Adequate.

The Joint Board's proposals regarding the method by which schools and libraries will certify that they are eligible for discounts and that bona fide requests have been made are adequate. We would prefer less detailed requirements, but we also appreciate the Joint Board's concerns. EDLINC Comments at 17. To go further, however, is unnecessary and unduly burdensome.

The Joint Board has also already rejected the USTA proposal, now being promoted by TCI, that would have required schools and libraries to address seven factors to prove that their requests are bona fide. TCI Comments at 6-7. The Joint Board's recommendations regarding this and related points are more than sufficient and this suggestion warrants no further consideration.

Likewise, TCI's suggestion that eligible institutions file annual reports with state education agencies is burdensome and unnecessary. TCI Comments at 12-13. The likelihood of abuse is simply not that great, and the Joint Board's proposed audit requirement is sufficient for this purpose.

We also oppose Pacific Telesis's suggestion that eligible institutions submit information on prices in their areas to the fund administrator. Pacific Telesis Comments at 51. This is unreasonable and inefficient. Carriers know their pricing structures: if the fund administrator needs to know the rates charged in different regions, the burden of providing price information to the administrator should not be on school or library but on the carrier. Otherwise, the fund administrator would have to deal with tens of thousands of submissions from individual institutions and districts, rather than hundreds submitted by providers.

Finally, we oppose GTE's proposal that service providers should have the option of taking full compensation from eligible institutions and requiring the institutions to obtain the amount of the discount from the fund administrator. GTE Comments at 103. The Joint Board has already rejected similar proposals, and this suggestion violates the terms of Section 254(h). The statute says that eligible institutions are

entitled to discounted rates, and providers are entitled to payments from the universal service fund. GTE's proposal is directly counter to the law. Furthermore, GTE's proposal would inhibit the provision of services to schools and libraries, because they would have to budget for paying the service provider's full rate, and might not be reimbursed until substantially later.

IV. COMMENTERS GENERALLY AGREE WITH THE JOINT BOARD'S RECOMMENDATIONS FOR COMPUTATION OF THE DISCOUNT.

Almost unanimously, commenters agree with the Joint Board's proposal to provide eligible institutions sliding scale discounts of 20-90%. In addition, the vast majority of commenters agree with the decision to use participation in the school lunch program as the basis for the financial need component of the discount mechanism. Although EDLINC has noted several factors that the Commission may wish to take into account (EDLINC Comments at 11-15), we agree that the Joint Board's proposal is generally acceptable.

Several commenters have stated that the high cost methodology should be the same as for core services. See. e.g., USTA at 51; BellSouth at 37. This approach appears to be reasonable, with one caveat. The suggested methodology assumes that if a service provider faces "high" costs for providing core services, it will also face "high" costs for special services covered by Section 254(h). It is conceivable, however, that in some areas with developed core networks but relatively low demand for more advanced services, the assumed correlation might not exist. Therefore,

before adopting this approach, the Commission may wish to confirm that the underlying assumption is indeed correct.

At least one commenter has stated that subsidies should not be available for rates under existing contracts. Cox Comments at 12. As we have stated, we disagree with this position, and the Commission should adhere to the Joint Board's recommendation. EDLINC Comments at 18-19.

V. THE 2.25 BILLION DOLLAR CAP IS NOT EXCESSIVE.

We strongly disagree with those commenters that argued that the proposed cap on total annual discounts for schools and libraries should be reduced. Comments of Citizens Utilities at 3; Comments of AT&T at 20-21. As the Joint Board Recommendations indicate, there is broad agreement that the total costs calculated by McKinsey and Co. and cited in the KickStart Report are generally accurate, and there is no evidence that the proposed size of the fund will meet with significant opposition from the public.

We strongly oppose any attempt to reduce the cap or limit the carry-over of any excess funds from one year to the next.[2] See NYNEX Comments at 39-40; BellSouth Comments at 35-36. Rolling over excess funds may be very important in the early

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[2] We also note that NYNEX claims additional "billions" will be needed for private schools. NYNEX Comments at n.63. This figure is incorrect; there is absolutely no reason to believe that providing discounts to private schools will cost billions of dollars over any reasonable period of time. The total number and average size of public schools far exceed those of private schools and they can easily be accommodated under the $2.25 billion cap.

years, since it may take some time for many schools to take full advantage of the opportunity, and most schools will have significant start-up costs as they install internal connections. In addition, the Commission will have ample opportunity to assess the effects of the carry-over during its periodic reviews. If the carry-over leads to a build-up of funds, the Commission can easily amend its rules.

In addition, we urge the Commission to note that only discounts for schools and libraries are capped under the Joint Board Recommendations. The universal service fund has never been subject to an explicit cap in the past, nor is funding for core services capped under the Joint Board's proposal. We also urge the Commission to consider the Rural Telephone Coalition's observation that the cap may actually be counterproductive. Comments of RTC at 39-41. If indeed demand exceeds the amount of the cap, it will be difficult for eligible institutions to plan their telecommunications usage because they will not know whether they will be able to receive discounts the following year. This will cause schools and libraries to under budget and ultimately undermine the purpose of the program.

Finally, we strongly oppose the suggestion of AT&T that individual institutions be subject to an additional cap on the total amount of discounts they can receive. Comments of AT&T at 21. The overall cap on the fund is the only mechanism needed to control the overall cost of the program. We believe that the $2.25 billion fund will be sufficient to meet the needs of all schools over time. Although some schools will be better prepared than others and may obtain seemingly disproportionate benefits in the first year or two, in time all schools will have the opportunity to install their

networks, determine the level of service they need and obtain their fair share of discounts. In fact, that some schools will be able to move more quickly than others is an advantage; otherwise, the fund might have to be much larger in the early years to accommodate an initial rush of internal connection costs.

VI. SCHOOLS AND LIBRARIES MUST HAVE REAL INFLUENCE OVER THE DECISIONS OF THE FUND ADMINISTRATOR.

In our Comments, we expressed our concerns over the proposal that NECA be appointed the Fund Administrator, even for an interim period. EDLINC Comments at 19-21. We are not alone in this regard. See, e.g., AT&T Comments at 26.

In addition, we wish to reiterate that however the Fund Administrator is ultimately constituted, schools and libraries must be fairly represented on the body responsible for final decisions of the administrator. For this reason, RTC's proposal that schools and libraries be represented on an advisory board to NECA is inadequate. RTC Comments at 53. We support BellSouth's suggestion that an industry-education coalition be established to assist the Commission in resolving administrative matters. BellSouth Comments at 38. Nevertheless, while direct involvement at this level will be very helpful to all concerned, it is not enough to ensure fair administration of the fund and the full and fair consideration of the views of the school and library community.